



**THE NATURAL HISTORY MUSEUM
TRUSTEES' AUDIT & RISK COMMITTEE**

63rd Meeting on Thursday 13th February 2014

Present

Dr Derek Langslow in the Chair
Professor Sir Roy Anderson
Mark Richardson (co-opted member)

In Attendance

Dr Michael Dixon (Director)
Neil Greenwood (Director of Finance & Corporate Services)
Jan Day (Head of Risk & Assurance/Committee Secretary)
Lewis Knights (Audit Manager, National Audit Office)
Nick Buxton (Partner, BDO)
Martin Burchmore (Partner, Kingston Smith)

Ian Owens (Director of Science) was in attendance for item 15.

Nick Sainton -Clark (Joint Acting Head of Content) was in attendance for item 16.

ACTION

The Director and members welcomed Dr Derek Langslow in his new role as Chair of the Audit & Risk Committee and the Chairman expressed his pleasure at being in the Chair.

1 APOLOGIES FOR ABSENCE

1.1 Keith Lloyd (Director NAO) sent his apologies.

**2 DECLARATIONS OF INTEREST AND REGISTER OF INTERESTS
(PAPER TAC 2/2014)**

2.1 These were noted by the Secretary to the Audit & Risk Committee.

ACTION

3 MINUTES OF THE MEETING HELD ON THURSDAY 24TH OCTOBER 2013 (PAPER TAC 2/2014)

3.1 The minutes were accepted as a true record of the meeting with one minor exception.

4 MATTERS ARISING FROM THE MINUTES

4.1 Conference and Events - para 6.7 - There was some funding in 2014/15 to improve the IT infrastructure in the Flett Theatre.

4.2 Science Group Senior Appointments - para 5.12 -The new Heads of Life Sciences and Earth Sciences were to make a presentation giving their first impressions at the next Board of Trustees on 25th February 2014.

4.3 Gallery Development Plan - para 12.5 -The Public Space Plan including the Gallery Development Plan was to be presented the by Director of Public Engagement at the May 2014 Board of Trustees.

5 AUDIT & RISK COMMITTEE TERMS OF REFERENCE AND ANNUAL CYCLE OF INFORMTION (PAPER TAC 3/2014)

5.1 The Head of Risk & Assurance presented: (a) the Terms of Reference; and (b) the Annual Cycle of Information, updated to include the Register of Interests as a standing agenda item.

5.2 The Committee approved the documents with the exception of one addition to the Terms of Reference. Para 17 was to be amended to include the fact that a closed session between the Committee members, the External Auditors and the Head of Risk & Assurance was a standing agenda item at the Summer meeting of the Audit & Risk Committee.

JD

6 DIRECTOR'S REPORT (PAPER TAC 4/2014)

6.1 The Director presented his paper.

6.2 Funding Issues - The most significant control issue related to funding. The Chancellor's Autumn Statement delivered to the House of Commons on 5th December 2013 deployed further small cuts to the NHM resource grant in aid of 1.17% (£0.485m) in 2014/15 and 1.13% (£0.453m) in 2015/16. Although not hugely significant in themselves, these further cuts were in addition to the previously announced cuts since the 2010 Spending Review. The impact of the cut in 2014/15 was manageable. However, the cumulative impact of funding cuts and any increase in the salary bill will be harder to accommodate.

6.3 Revaluation of the Principal Civil Service Pension Scheme (PCSPS) - Potentially more significant than the resource grant in aid cuts was that the NHM had been notified of an actuarial revaluation of the PCSPS. In a communication from the Cabinet Office the Museum had been alerted to the possibility of an increase in employer's contributions from an average of 19% of salary to 26% from 2015/16. A crude calculation based on these averages showed an increase in superannuation costs of circa £1.9m per annum. DCMS officials had indicated a willingness to seek compensation for these increased costs. However, the Museum did not see what a viable argument to the Treasury might be for why some parts of the public sector should be protected and not others. The NHM had supplied the Treasury with an estimate of the impact on the Museum (equating the increased costs to a more than 4% cut in resource grant in aid). The impact included whether free admission was sustainable in the long term. It was noted that the PCSPS was not fully funded by contributions and was subsidised by taxation. Employee contributions were fixed by the scheme and depended on the salary range. Higher earners paid 6.85% or 8.85% depending on the scheme.

ACTION

- 6.4 The Committee recommended that the Executive Board (EB) conduct a wider review of pension's options and the sustainability of current pension arrangements for new employees. EB were advised to look at models in the university and commercial sectors. It was observed, later in the meeting, however, that currently the Universities Superannuation Scheme (USS) benefits were more favourable than the PCSPS and this affected the Museum's ability to attract scientific researchers. Members agreed a detailed paper analysing the different pension scheme options should be taken to the Board of Trustees.
- NG/MD
- 6.5 Free Admission -The Committee agreed that cuts to grant-in-aid affected the quality of the Museum offer and due to the high proportion of overseas visitors to domestic visitors, meant that the UK tax payer was subsidising overseas tourists. It was foreseeable that capacity levels would be reached and that visitors may have to be limited for health and safety considerations. It was agreed that the advocacy effort around limiting cuts to funding should continue at the Board of Trustees level.
- NG/MD
- 6.6 Accidental Destruction of Financial Records - The accidental destruction of financial records was reported to the NAO, HMRC and DCMS. Responses were received indicating they had noted the incident but did not require any action. The European Commission was undertaking an audit of three EU grants the week beginning 17th February 2014. EU auditors required original documents but had been notified that copies were available. The EU response was that any exceptional circumstances will be assessed on arrival.
- 6.7 Scanned Documents – It was noted that when the new Finance System was implemented original documentation would be scanned and destroyed after a period. Members and the external auditors recommended that agreement to do this was obtained in good time from the relevant authorities e.g. HMRC and the EU.
- NG
- 6.8 Estate Condition Survey - EB had been working with the Estates Department on the survey and the Estates and Buildings Advisory Committee (EBAC) had provided useful input. The intention was to bring the issue to the Board of Trustees when EB had a clearer way to: (a) represent the reality of the current situation; and (b) measure change (improvement) over time. The Museum will be developing some arguments to use with government on the level of baseline capital grant in aid circa £2.3m relative to the annual depreciation charges for buildings and plant of circa £12m.
- 6.9 NAO Review of Estate Management - The Committee supported the Museum's participation in an NAO review of Estate Management by DCMS sponsored bodies. The proposal was to consider the data and information available on the DCMS estate and how this was used to inform estate management strategies and the future allocation of resources, in particular relating to backlog maintenance. It was not intended to be a full VFM review. In addition, the report was not to be a published document at this stage so that the process was completed in a timely manner without debate. The Chair observed, however, that the NHM needed to ensure the document was accurate.
- NG/KR
- 6.10 Attendance Figures –South Kensington was seeing exceptional visitor numbers. In January attendance was up 15% a new record for the month. The Museum can only speculate on the cause, but the success of the David Attenborough programme on Sky may be a factor and there was a strong growth in overseas visitors. The February half-term was one of the busiest periods for the Museum and in view of the January attendance the Museum was implementing a scheme for 'back of house' staff to contribute 90 minute sessions to managing 'front of house' activities. This had been trialled at other museums.
- 6.11 It was noted that the NHM monitored the length of queues that formed at the Museum entrances and used social media to convey queue times.

ACTION

- 6.12 Public Engagement Group (PEG) Restructuring - The changes to the structure of PEG as a result of the Director of PEG's new plans will be completed before the end of the fiscal year. There was a need to change some roles significantly, involving a small number of new redundancies, however, the new structure was widely supported. An intranet news item giving an update on the restructure to staff was going out the week beginning 17th February 2013.
- 6.13 Development Department Review - On-going financial pressure and ambitious capital expenditure plans meant that there was an increasing requirement for the Museum to raise more funds. In response to this Organisational Development had been asked to undertake a review with the Development Department of the Museum's fundraising activity and examine how NHM can maximise effectiveness and raise more funds. The Director intended to share the initial findings and plans for the future with the wider Museum before the end of the financial year.
- 6.14 Naming Rights - The Museum was in the early stages of putting together an agreement for an unrestricted gift over five years for naming rights.
- 6.15 A New Stegosaurus Fossil - The Stegosaurus fossil had been delivered from the United States and will be subjected to scientific study before it is placed on public display. Currently the fossil was laid out in the Dorothea Bate Room in Palaeontology. The Director and Director of Finance & Corporate Services had been privileged to see the spectacular fossil.

7 DIRECTOR OF FINANCE & CORPORATE SERVICES' FINANCIAL REVIEW FOR THE PERIOD APRIL 2013 – DECEMBER 2013 (PAPER TAC 5/2014)

- 7.1 The Director of Finance and Corporate Services presented his paper.
- 7.2 General Fund - The forecasted year end outturn for 2013/14 for the General Fund was £1.752m which was an increase of circa £0.4m compared with the previous forecast. The increase will help to mitigate the additional resource grant in aid cut for 2014/15 arising from the 2013 Autumn Statement.
- 7.3 Net Self Generated \ Trading Income - There were strong performances for Retail, Catering, Conferencing and Events and Publishing compared with the original budget. The Museum had also received last minute sponsorship for the Ice Rink from Aeroflot. However, there was: (a) lower than expected Admissions Income for special exhibitions from the Extinction exhibition; (b) a lack of sponsorship for the Wildlife Photographer of the Year competition; and (c) an anticipated loss on consultancy following the restructuring of the business. The Committee congratulated the Executive Board on the strong operating surplus which was 100% over budget. It was noted that: (a) spend per head was increasing at a higher rate than the increase in visitor numbers; and (b) the advance sales for Britain: One Million Years of the Human Story were very strong.
- 7.4 Consultancy Services - The former Planning Design Consultancy group (PDC) which had a core team of 8.6 full time equivalents and circa £350k of fixed salary costs had been disbanded. Jim Broughton (Head of International Engagement) was appointed at the end of 2013 to work on a new consultancy services model. He had spent the past five years leading the British Museum team advising the Abu Dhabi Government on the development of the Zayed National Museum. NHM will focus on a small number of large contracts and resources will be brought in from across the Museum once work was won. The NHM was in discussion with a range of institutions in Qatar, India, China and Brazil. The expenses of a team headed by the Director of Finance & Corporate Services had been paid to visit Kuching, Sarawak Borneo to discuss the development of a Natural History Museum. There were also opportunities for research partnerships in Borneo. A detailed business model was being developed for consultancy services and the Executive Board will spend more time selling the Museum's expertise.

ACTION

- 7.5 Salary Expenditure - It was observed that the increased salary costs forecasted for the final quarter 2013/14 were largely due to: (a) redundancy costs; and (b) five recent senior appointments to Research Leader positions to support the new Science Strategy.
- 7.6 Capital Expenditure - The forecasted capital budget for 2013/14 was more prudent than in previous years and did not include all the funds originally designated. The Museum had robust processes in place before expenditure was authorised e.g. Business Cases and Project Initiation Documents. However, the Museum had staff resource issues which were not addressable in the short term. The Museum, therefore, intended to focus on a smaller number of realisable projects in order to ensure that larger projects such as the Central Hall Development, and the Northern link could be managed. If necessary additional people resources e.g. project managers will be brought in on fixed term contracts for these major projects.
- 7.7 Estate Maintenance Back Log -The Museum had a policy that all projects must address core backlog maintenance requirements. For example, the cost of the Images of Nature Gallery project was circa £1.7m of which only circa £400k was spent on exhibition fit-out. In addition, there was an annual budget for core infrastructure priorities of circa £1m and allocations for individual major infrastructure capital projects, for example the Waterhouse Building West Flue Smoke Stack.
- 7.8 One way of reducing maintenance liability was to demolish buildings which had passed the end of their useful life. The North West Tower, for example, where it had been necessary to move some of the collections. The Spirit and Entomology Buildings had been demolished to make way for Darwin Centre 1 and 2. However, demolition on a site like South Kensington was not a simple proposition. In addition, demolition was dependent on the finalised storage strategy for collections.
- 8 KINGSTON SMITH AUDIT STRATEGY YEAR ENDED 31ST MARCH 2014 (PAPER TAC 6/2014)**
- 8.1 The Kingston Smith Partner presented his paper.
- 8.2 Audit Fees - The Committee reviewed the strategy and approved the estimated audit fees. The audit fee had gone up 2.2% due to increased salary costs. However, Kingston Smith had improved their efficiency relating to corporation tax services and the fee for this had reduced by 24%. As a result the total audit fee remained the same as the last two years.
- 8.3 Preplanning Meetings - Kingston Smith had held preplanning meetings with the Director of Finance & Corporate Services and the Head of Risk & Assurance. The key areas to be covered remained the same as in previous years. In addition, they had not been made aware of any areas of fraud.
- 8.4 Internal Controls - They had discussed the audit work undertaken by the Head of Risk & Assurance and obtained copies of reports specific to the Trading Company. It was noted that the 2013/14 increase in trading income and the number of transactions will be reflected in Kingston Smith testing sample sizes.
- 8.5 Strategic Report – The main change was the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 require the Trading Company to produce a Strategic Report as part of the Annual Report as well as a Director's Report. Kingston Smith will advise the Director of Finance & Corporate Services on the content of the Strategic Report. The change was largely presentational, however, some new information was required.

ACTION

- 8.6 Timetable – The Kingston Smith Partner was content that the timetable was achievable. The dates for the closing audit meeting and sending the final accounts will be fixed once Kingston Smith receive the NAO timetable.
- 8.7 New Finance System - “Money Matters” - It was anticipated that Finance Department resources needed for the production of the Trading Company Accounts would not be unduly compromised by the “Money Matters” project. The old Finance system CODA will remain open after 1st April 2014 for any accruals and until the Museum’s Consolidated Accounts had been finalised. The accurate transfer of balances and standing data to the new Access finance system will be a key risk in the Kingston Smith and NAO work for 2014/15.

9 HEAD OF RISK & ASSURANCE PROGRESS REPORT TO FEBRUARY 2014 (PAPER TAC7/2014)

- 9.1 The Head of Risk & Assurance presented her report and an internal audit report on Outgoing and Incoming Collection and Exhibition Loans.
- 9.2 Risk & Assurance Plan 2013/14 - It was anticipated that the majority of the plan would be completed with the exception of the review of performance management. The review had commenced, however, the audit work will be completed in 2014/15 due to the implementation of a new strategy for performance management set out in the HR Strategy 2014-2019. Members commended the Head of Risk & Assurance on the progress on the plan given the resource constraints. The Director explained that he regularly discussed: (a) progress on the plan; and (b) the action being taken to implement recommendations with the Head of Risk & Assurance. Managers found the reviews which now focused on functional areas and their recommendations helpful. As a result generally audit reports were being finalised in a timelier manner than in the past.
- 9.3 Outgoing and Incoming Collection and Exhibition Loans - The Chair commended the Head of Risk & Assurance on the report which he found a fascinating read. He observed that although the controls over loans were sound it was inevitable that bureaucratic controls may not always be followed. It was important, therefore, to undertake reviews such as this to highlight where there were gaps in procedures. It was noted that there was tight control over loans with a high scientific importance or commercial value. Collections Management was a complicated area and an update of NHM Collections Management Policies had been completed and draft policies presented to the Board of Trustees in November 2013. The policies were being reviewed by Daniel Alexander QC Trustee before being presented for endorsement to the Board of Trustees.
- 9.4 Douglas-White Review of Financial Management in Central Government - In parallel to the Douglas-White Review, the Treasury led a review of the functional leadership of the Government’s internal audit service. The main recommendation was to consolidate internal audit shared services over the medium-term providing a single, integrated internal audit service, which will be an independent agency of the Treasury. The Director and members of the Audit & Risk Committee observed that it was more appropriate to central government and it was paramount that they continued to set the scale and direction of internal audit plan for the Museum.

10 AUDIT & RISK CHARTER & STRATEGY (PAPER TAC 8/2014)

- 10.1 The Head of Risk & Assurance presented her strategy. It was considered good practice for the Audit & Risk Strategy to be approved by the Committee on an annual basis.
- 10.2 The Committee considered and approved the Audit & Risk Strategy which had been updated to record that the NHM internal audit service was a member of the Cross Department Internal Audit Service XDIAS collaborating at level 1.

ACTION

11 RISK & ASSURANCE DRAFT PROPOSED PLAN 2014/2015 (PAPER TAC 9/2014)

11.1 The Head of Risk & Assurance presented her plan.

11.2 The plan included a combined audit of Payroll & Pensions administration and an audit of the Trustees' Annual Report KPIs. These reviews were set out in the Audit & Risk Strategy to take place every three years. The plan also included a Social Media review.

11.3 New Finance System "Money Matters" - It was anticipated that the new Access finance system will continue as a major corporate risk in 2014/15. An internal audit of the new system and its key financial controls was due to take place in quarter 3.

JD 11.4 It was agreed that the Committee will reconsider the draft plan in May 2014 in the light of the definitive, ranked list of 2014/2015 major corporate risks to be presented at that meeting.

12 PCI COMPLIANCE (PAPER TAC 10/2014)

12.1 The Director of Finance & Corporate Services presented the report.

12.2 The Head of Risk & Assurance had carried out a review of the Museum's compliance with the Payment Card Industry (PCI) Data Security Standard (DSS) during 2013. Compliance was not law, but fines could be imposed for a breach. In addition, it was a mandatory requirement of payment card suppliers and hence there was a risk that payment card suppliers will not allow entry to their schemes if compliance cannot be demonstrated. The audit report was classified as category "2". The Committee had reviewed the audit report at their October 2013 meeting and had requested an update from the Director of Finance & Corporate Services on the action being taken to address the recommendations in the report. The majority of the actions had either been completed, were on going or were scheduled to be completed by March 2014. The Chair observed he was content that the Museum was taking all practical steps to minimise the risk to the NHM.

13 MAJOR CORPORATE RISKS 2013/14 AND 2014/2015 (PAPER TAC 11/2014)

13.1 The Director presented his report.

Major Corporate Risks 2013/14

13.2 The Committee received an update on the major corporate risks for 2013/14 and details of their residual scores at the end of quarter 3. The risks will be rescored at the end of quarter 4 and a number of the risks were likely to go forward as major corporate risks into 2014/15 e.g. cuts to grant in aid.

13.3 Offsite Crisis Management Facility - The Museum had acted to speed up its preparedness to deal with a full scale crisis while the necessary investment in improving facilities for this purpose was underway. The enhanced capability to monitor security systems at South Kensington, Tring and Wandsworth now enabled each to be used as an offsite location for the other two. As a result the current overall status of the risk had been reduced from red to amber as had been requested by the Audit & Risk Committee at their October 2013 meeting.

ACTION

Major Corporate Risks 2014/15

- 13.4 At this time of year NHM senior managers started to focus on the changing external and internal environment and consider how this will impact on the Museum profile of risks. This had been discussed at the Senior Management Team (SMT) meeting on 12th February 2014. NHM managers considered this in terms of risks: (a) NHM faces because of the sort of organisation the Museum is; (b) risks the NHM imposes upon itself e.g. a new Finance System; (c) risks NHM has no control over; and (d) risks that were emerging as the result of novel circumstances.
- 13.5 Committee members were asked to consider a range of factors and how these might impact the risk profile of the Museum. The Committee discussed the following potential corporate risks for 2014/15.
- 13.6 Social Media -The Museum had a social media policy and guidelines, however, in a rapidly changing environment there was a need to ensure: (a) the policy and guidelines were fit for purpose; and (b) that they were being effectively managed. It was observed that a failure to monitor social media adequately and respond in real time to what people were saying about the Museum, its partners and sponsors may lead to reputational risk. In addition, the Museum needed to ensure it was using social media to the most effect as a communication tool.
- 13.7 Regional Museums - There was political pressure to support regional museums and there was a requirement to do this in the Museum's funding agreement. NHM needed to demonstrate that it was supporting national museums and undertook a range of national activities. However, concern was expressed that this was not being publicised adequately. It was noted the NHM Annual Review 2012/13 set out the Museums activities in the context of London, National and International programmes. In addition, the Museum was exploring the need to appoint a Head National Engagement to oversee national activities e.g. Citizen Science, Exhibition Loans and Touring Exhibitions. It was also noted that Science Group had a national approach to collections access.
- 13.8 Revaluation of the Principal Civil Service Pension Scheme (PCSPS) - The possibility of an increase in employer's contributions from 2015/16 will have long term ramifications for the Museum. This was a risk which should be planned for in 2014/15.
- 13.9 Increasing Visitor Numbers - The long term trend indicated that the Museum will soon be receiving 6m visitors a year. This was a reputational risk in terms of: (a) the quality of the visitor experience; (b) the length of queues that form at the Museum entrances; and (c) visitors giving up and leaving the queues. It was observed that improving the digital experience may reduce visitor numbers.
- 13.10 General Election - A change in government may lead to new expectations relating to museums and the NHM needed to ensure its advocacy programme was robust.
- MD 13.11 The Senior Management Team and Executive Board will present a final list of 2014/15 Major Corporate Risks for approval at the next Audit & Risk Committee on 8th May 2014.
- 14 DIRECTOR OF FINANCE & CORPORATE SERVICES UPDATE ON THE "MONEY MATTERS" PROJECT (PAPER TAC 12/2014)**
- 14.1 The Director of Finance & Corporate Services presented an update on the project to implement a new Finance System "Money Matters".

ACTION

- 14.2 The project had an “amber” RAG status based on slippage due to late delivery of the system for testing following build by the supplier Access. The integrated system testing (testing of the core application prior to release to end users for testing) which had been taking place over the last few weeks had not highlighted any critical or blocker defects. There was a testing success rate of 85%/95% which was considered very good at this stage of the project. It was observed that issues with user acceptance testing were more likely to relate to dissatisfaction with the system as specified.
- 14.3 Resources were, however, stretched and the planned go-live date of 1st April 2014 still presented a challenge. A project board meeting on 6th March 2014 will decide if the project should proceed to full end user training and go-live on 1st April 2014. The Director of Finance & Corporate Services was cautiously optimistic that the project will proceed. The project will be reviewed on a weekly basis at Board meetings to ensure all the critical requirements for the system were met. The project team needed to ensure: (a) the configured system delivered the NHM specification; (b) all the necessary data had been transferred; and (c) users were ready to use the system.
- 14.4 In the event that the system cannot go live on 1st April 2014 the Finance Department will continue to use the current Finance system. However, changing systems at the year-end provided a clean break and there were cost implications if the new system was implemented later in the year.
- 14.5 Members observed that if the go-live date was delayed significantly user training will need to be rescheduled. It was noted, however, that there will be floor walkers, training manuals and videos when the system goes live.
- 14.6 The Committee was happy with the action being taken to manage the risks. However, the Chair observed that achieving the go-live date of 1st April 2014 in good order was very important.
- 15 PRESENTATION BY IAN OWENS (DIRECTOR OF SCIENCE) ON THE MAJOR CORPORATE RISK “EXTERNAL FUNDING OF SCIENCE IS HARDER TO WIN AND REDUCES OUR SCIENTIFIC RESEARCH ACTIVITY ” (PAPER TAC 13/2014)**
- 15.1 The Director of Science made a presentation on the action being taken to manage the risk. In particular his presentation highlighted the following areas:
- 15.2 Research Leaders - Five researchers had recently joined or will soon join the Museum as a result of the Research Leader search which took approximately a year. These researchers had filled a number of gaps in Science Group expertise relating to, for example, ancient DNA, climate change and space science. The search also highlighted a number of other areas that needed strengthening e.g. disease and parasites. Advertisements for advanced fellows were now being placed to fill these other areas. Once all the recruitments were complete the Director of Science believed Science Group will have the right expertise going forward.
- 15.3 The NHM researcher’s recruitment took place outside of the Research Excellence Framework period for assessing research quality in UK universities. In addition, the Museum was able to manage NHM researcher losses during this period. The Research Leader search had highlighted that the Universities Superannuation Scheme (USS) benefits were more favourable than the PCSPS. In addition, universities were not subject to pay restraint and, the NHM was not paying as well. To deal with this the Museum had adopted flexibilities within NHM pay management rules to resolve problems.
- 15.4 Grant Writing Mentorship - Science Group remained focused on grant writing mentorship. The new Heads of Department were in place and there were a lot of initiatives in this area. Organisational Development in Human Resources were developing a programme of mentorship.

ACTION

- 15.5 Large Consortia - The Museum had been successful in winning lower value grants. However, to win more grants between £1m and £10m NHM needed to develop and lead large consortia of excellence headed by an international leader. It was noted that large research institutes will pay very high salaries to recruit international leaders. Funders were starting to use a software package called ResearchGate and approximately 138 of NHM scientific staff had a profile on ResearchGate. The Museum had also recently purchased an integrated research information management system Symplectic to help raise the visibility of NHM research.
- 15.6 Collections Related Consultancy – There had been insufficient support for this area. However, a Head of International Engagement with a commercial and collections background had recently been appointed. He will lead the Museum on large international consultancy bids.
- 15.7 Training Programmes - Funders particularly government funders had recently changed the way they allocated studentships. The NHM, however, had been very successful in winning doctoral training programmes and had negotiated a Tuition Fees Policy with the universities to share fees. NHM runs professional training courses, however, they were not currently run commercially. The Museum would like to introduce specialist training courses in taxonomy and mineralogy. Science Group was undertaking a gap analysis in cooperation with the Linnean Society in order to develop professional training courses.
- 15.8 Value of Research Grants -There had been an increase in the total value of research grants won. It was noted that the surplus generated by some grants e.g. EU grants was not always significant. However, these grants generated important scientific output which added to the scientific reputation of the Museum.
- 15.9 Current Overall Status - Although the mitigating actions above were green or amber and the Museum was responding well and not losing the Red Queen race the current overall status of the risk remained red. This was due to the rapidly changing external environment for scientific funding which was becoming increasingly harsh. The UK Research Councils were likely to receive continued “flat cash funding” until the next spending review. In addition, conventional thinking by researchers was less likely to win research grants.
- 16 PRESENTATION BY NICK SAINTON - CLARK (JOINT ACTING HEAD OF CONTENT) ON THE MAJOR CORPORATE RISK “A FAILURE TO DEVELOP THE MUSEUM’S DIGITAL CAPACITY AND PRESENCE IN THE VIRTUAL WORLD ” (PAPER TAC 13/2014)**
- 16.1 The Joint Acting Head of Content made a presentation on the action being taken to manage the risk. In particular his presentation highlighted the following areas:
- 16.2 DAMS (Digital Asset Management System) - The options were to either try to link existing systems and make them work as a unified data management solution, or continue with current commercial package. The Project Board had been reconstituted from senior stakeholders including the Joint Acting Head of Content. The status of the project was red due to project slippage.
- 16.3 Public Wi-Fi infrastructure – The soft launch went live on 7th February 2014 with an updated splash page and additional coverage in Earth Galleries as well as temporary wireless access points around the Museum. The risk of delays over planning permission for the Waterhouse building had been removed, as approval was given by the Royal Borough of Kensington & Chelsea (RBKC). It was observed that capacity to handle the large number of NHM visitors should not be a problem due to the enormous band width of the SuperJANET (Joint Academic Network).

ACTION

- 16.4 Data Portal - The Museum was investing in a Data Portal. The main purpose of the Data Portal was to provide a central access point to research and collections data produced by the Natural History Museum and strategically important partners. There were a number of projects underway to pilot methods to mass digitise the collections e.g. Lepidoptera butterflies and moths. However, images of NHM collections were only valuable if attached to their scientific data which was often on hand written labels. There was no OSR (Optical Scanning Recognition) equipment which can read handwriting, therefore, the Museum needed to develop other ways to digitise the data. The Museum was working with major European museums, the Google Cultural Institute and Picturae on high volume digitisation systems for different types of collection e.g. the spirit collection. European museums were each working on the digitisation of different types of collection. They then shared their knowledge rather than each museum trying to solve the same problem.
- 16.5 It was noted that a budget of £700k had been made available, however, the Museum had circa 80m objects and circa 1m type specimens. The Museum was, therefore, developing a prioritised Digital Collections Programme. The Paris Herbarium had digitised their herbarium sheets using a fast track process at a cost of a dollar a sheet and NHM had 6m herbarium sheets. External funding had, however, been obtained to digitise the most scientifically important NHM herbarium sheets. It was noted that NHM as a public institution had a commitment to open access, however, there maybe some commercial opportunities relating to collections access.
- 16.6 Website Redevelopment – There was to be investment in website redevelopment and redesign to improve the user experience. The Director of PEG was the SRO and the Blue State Digital (Digital Media Strategy) commissioned by NHM will inform the work.
- 16.7 It was noted that the overall status of the risk was now amber. However, it was observed by the Chair that as digital media was a fast changing area with low certainty of long-term requirements the risk may continually move between amber and red.

17 RISK & ASSURANCE AND AUDIT & RISK COMMITTEE EFFECTIVENESS

- 17.1 The Head of Risk & Assurance had completed (a) the Internal Audit Quality Assessment Framework which was revised by HM Treasury in April 2013; and (b) the 2nd edition of the NAO Good Practice Guide for Audit Committees issued in January 2012.
- 17.2 The Committee reviewed the documents and were happy with her assessment which was considered to be honest. The only change arising from the review related to the Audit & Risk Committee Register of Interests which was now a standing agenda item at each meeting.

18 ANY OTHER BUSINESS

- 18.1 There was no other business.

19 DATE OF THE NEXT MEETING

- 19.1 The next meeting will be held at 10. 00 a.m. on Thursday 8th May 2014.

KEY TO ACTION INITIALS

Michael Dixon - MD

Neil Greenwood - NG

Jan Day - JD

Kevin Rellis - KR